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PASS TREASURY AND FEDERAL RESERVE

EO 11652 N/A

TAGS: EALR, EFIN, EGEN, FR

SUBJECT: FRENCH FINANCIAL AND ECONOMIC DEVELOPMENTS

REF: PARIS 10285, APRIL 8, 1976

1. SUMMARY. FRENCH ECONOMIC UPTURN APPEARS CURRENTLY
TO BE GAINING MORE STRENGTH THAN EARLIER BEEN

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ANTICIPATED. OFFICIAL VIEW, AS EXPRESSED IN APRIL 22

PRESIDENTIAL PRESS CONFERENCE, IS THAT ECONOMIC RECOVERY IS FAIRLY WELL ASSURED FOR 1976 -- REQUIRING A LITTLE MORE PATIENCE ON PART OF JOB-SEEKERS, AND "SENSE OF MODERATION" WITHIN FRENCH BODY POLITIC. KEY QUESTIONS REMAIN CONCERNING NATURE OF RECOVERY. ANALYSTS WITHIN AND OUTSIDE GOF ADDRESSING THOSE QUESTIONS ARE PRESENTED CONSIDERABLE LATITUDE (OR

CONFUSION) BY LATEST ECONOMIC INDICATORS -- FOR INFLATION, UNEMPLOYMENT AND FOREIGN-TRADE DATA CAN VARIOUSLY BE INTERPRETED TO SHOW EITHER AMELIORATION, OR FURTHER WORSENING, IN RECENT TRENDS.
END SUMMARY

2. GOF RAISES SIGHTS ON 1976 GROWTH PROSPECTS--

IN APRIL 22 PRESS CONFERENCE, PRESIDENT GISCARD D'ESTAING MADE A CASE FOR STRONG ECONOMIC RECOVERY IN FRANCE DURING 1976, HOLDING OUT HOPE FOR RECORD LEVELS OF ECONOMIC ACTIVITY AND AN IMPROVING EMPLOYMENT SITUATION DURING SECOND HALF OF THE YEAR. ACCORDING TO GISCARD, A "SENSE OF MODERATION" IS IMPERATIVE AS FRENCH ECONOMY EMERGES FROM RECESSION. (FURTHER DETAILS AND COMMENT ON PRESIDENT'S PRESS CONFERENCE PROVIDED PARIS 12035).

ACCORDING TO THIS EMBASSY'S ASSESSMENT (SEE PARIS 11982), FRANCE'S ECONOMY DOES INDEED APPEAR HEADED FOR FAIRLY STRONG RECOVERY IN 1976, ON THE ORDER OF 4.8 PERCENT GROWTH IN REAL TERMS. COMPOSITION OF RECOVERY, HOWEVER, LIKELY TO BE SKEWED TOWARD RISES IN PRIVATE CONSUMPTION AND IMPORTS, WITH NO SUBSTANTIAL GROWTH IN INVESTMENT SPENDING BEFORE LATTER PART OF YEAR. THESE PROJECTIONS SUBSEQUENTLY GIVEN AN OFFICIAL BLESSING OF SORTS ON APRIL 23, WHEN NATIONAL ACCOUNTS COMMITTEE ANNOUNCED REVISION OF MOST OF ITS PREVIOUS FORECASTS FOR 1976. CURRENT GOF PROJECTIONS ARE NOW FOR OVERALL 5 PERCENT GROWTH IN REAL OUTPUT; 4.1 PERCENT REAL GROWTH IN
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PRIVATE CONSUMPTION, 3.9 PERCENT IN TOTAL CONSUMPTION; 0.6 PERCENT REAL INCREASE IN GROSS FIXED INVESTMENT; 12.034 PERCENT REAL GROWTH IN IMPORTS AND 6.4 PERCENT REAL GROWTH IN EXPORTS. OFFICIAL FORECAST FOR CONSUMER PRICE INFLATION IN 1976 HAS BEEN RAISED TO 8.5 PERCENT, WHILE THAT FOR HOURLY-WAGE INCREASES NOW SET AT 12.1 PERCENT.

GOF'S EXPECTATIONS FOR ECONOMIC EXPANSION OVER MEDIUM TERM, AS REFLECTED IN 1976-1980 ECONOMIC PLAN (SEE PARA. 13 BELOW), FALL WITHIN RANGE OF 5.5 TO 6 PERCENT ANNUAL RATES OF GROWTH, ACCORDING TO STATEMENT BY PRIME MINISTER CHIRAC DURING APRIL 21 CABINET MEETING. TO PROMOTE SUCH GROWTH OVER NEXT FIVE YEARS, CAGINET APPROVED FF 206 BILLIO INVESTMENT PROGRAM COVERING SOME 25 MAJOR PUBLIC-WORKS PROJECTS. A MAJOR PORTION OF THE PROGRAM IS DEVOTED TO UPGRADING FRENCH TELECOMMUNICATIONS SYSTEM; OTHER PROJECTS INCLUDE CONSTRUCTION OF THE RHINE-RHONE CANAL, CONSERVATION AND AGRICULTURAL DEVELOPMENT.

3. BUSINESS SURVEYS SHOW QUICKENING RECOVERY--

LATEST SURVEYS OF FRENCH ECONOMY INDICATE CONTINUING EXPANSION OF INDUSTRIAL PRODUCTION AND GROWING OPTIMISM AMONG BUSINESSMEN. MARCH SURVEY CONDUCTED BY NATIONAL STATISTICS INSTITUTE REPORTED "STRONG REVIVAL" OF INDUSTRIAL ACTIVITY TOGETHER WITH EXPECTATION THAT GROWTH WILL CONTINUE IN COMING MONTHS. IN CONSUMER-GOODS SECTOR, WHERE RECOVERY REPORTEDLY NOW WELL UNDER WAY, UNFILLED ORDERS HAVE BEGUN TO MOUNT AND RUNNING-DOWN OF INVENTORIES APPEARS TO HAVE RUN ITS COURSE. SOME DEGREE OF INVENTORY BUILDUP, IN FACT, WAS REPORTED FOR CONSUMER DURABLES. DEPLETION OF INVENTORIES CONTINUES IN INTERMEDIATE-GOODS SECTOR WHILE LEVEL OF ORDERS HAS IMPROVED SINCE END OF 1975, LARGELY ON THE BASIS OF STRENGTHENING FOREIGN DEMAND. CAPITAL-EQUIPMENT SECTOR LIKewise EXPERIENCED

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INCREASE IN LEVEL OF UNFILLED ORDERS

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PASS TREASURY AND FEDERAL RESERVE

ALTHOUGH FOREIGN DEMAND REMAINED SLACK--AND FINISHED
INVENTORIES REPORTEDLY NEAR NORMAL LEVELS. OVERALL,
INDUSTRIALISTS FORECAST 7 PERCENT INCREASE IN
PRODUCER PRICES DURING 1976.

ECONOMIC SURVEY CONDUCTED IN EARLY APRIL
BY BANK OF FRANCE CONFIRMED THE CONTINUED
EXPANSION OF INDUSTRIAL OUTPUT DURING MARCH,
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WITH INCREASES LARGELY CONFINED TO CONSUMER-
GOODS AND INTERMEDIATE-GOODS SECTORS.
QUICKENING PACE OF BUSINESS UPTURN
SAID TO BE WIDENING IN SCOPE AS WELL, WITH
PREVIOUSLY-UNAFFECTED SECTORS (E.G., STEEL
INDUSTRY) NOW SHOWING SIGNS OF REVIVAL.

OVERALL DOMESTIC DEMAND REAMSINS BUOYANT,
WITH FOREIGN ORDERS ALSO PICKING UP.

4. PRICE INFLATION PICKS UP IN MARCH--

CONSUMER PRICES ROSE APPROXIMATELY 0.9 PERCENT IN MARCH, FOLLOWING AN ESTIMATED INCREASE OF 0.7 PERCENT IN FEBRUARY, INSEE (NATIONAL STATISTICS INSITUTUTE) RETAIL PRICE INDEX XOULD ONLY BE ESTIMATED FOR BOTH MONTHS DUE TO STRIKE BY INSEE COMPUTER OPERATRORS. ON BASIS OF ESTIMATED INDICES--ROUGHLY 161.0 IN FEBRUARY, 162.5 IN MARCH; 1970 EQUALS 100--YEAR-OVER-YEAR PRICE INFLATION WAS 9.6 PERCENT IN MARCH, IDENTICAL TO THAT REGISTERED IN CALENDAR YEAR 1975. HOWEVER, IN TERMS OF THREE-MONTH CHANGES IN CPI, COMPOUNDED AT ANNUAL RATES, OVERALL PRICES INFLATION ACCELERATED CONSIDERABLY FROM 8 PERCENT IN DECEMBER 1975 TO NEARLY 11 PERCENT IN MARCH.

ACCORDING TO INSEE, MARCH INCREASE IN CPI LARGELY ATTRIBUTABLE TO SCHEDULED INCREASES IN UTILITY PRICES (15.4 PERCENT FOR ELECTRICITY, 7.5 PERCENT FOR GAS), AND TO INCREASE IN CERTAIN FOOD PRICES. FOR REASONS CITED ABOVE, HOWEVER, SPECIFIC BREAKDOWN OF RECENT PRICE DATA AMONG MANUFACTURES, FOOD AND SERVICES COMPONENTS OF CPI NOT YET AVAILABLE, BUT WILL BE REPORTED UPON RELEASE BY INSEE.

5. UNEMPLOYMENT RISES TO ABOUT 4.3 PERCENT OF LABOR
FORCE--

THE NUMBER OF REGISTERED UNEMPLOYED IN FRANCE (SEASONALLY ADJUTED) ROSE 3 PERCENT IN MARCH TO 951,700 AT MONTH'S END. AT THE SAME TIME, UNFILLED JOB OFFERS JUMPED NEARLY 11 PERCENT TO 121,900, THE HIGHEST LEVEL SINCE JANUARY 1975. ON BASIS OF AVAILABLE UNCLASSIFIED

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DATA, WE ESTIMATE SEASONALLY-ADJUSTED UNEMPLOYMENT IN MARCH AT ROUGHLY 4.3 PERCENT OF THE LABOR FORCE (SEE PARIS A-322 OF 1975 FOR METHODOLOGY).

LABOR MARKET INDICATORS
(AVERAGE LEVEL FOR PERIOD IN THOUSANDS,
CHANGES IN PERCENT OVER PREVIOUS;
QUARTERLY DATA SEASONALLY ADJUTED)
REGISTERED
UNEMPLOYED 730.6 836.5 877.2 915.6 935.2
(CHANGE) (18.7) (14.5) (4.9) (4.4) (2.1)

UNFILLED

JOB OFFERS 128.8 105.0 103.5 102.3 114.1
(CHANGE (-10.4) (-18.5) (-1.4) (-1.1) (11.5)

ESTIMATED
UNEMPLOYMENT AS
PERCENT OF
LABOR FORCE 3.3 3.8 4.0 4.2 4.2

DESPITE FAIRLY STTONG RISE IN SEASONALLY ADJUSTED
UNEMPLOYMENT DURING MARCH -- THE LARGEST SUCH INCREASE
IN NINE MONTHS -- AVERAGE LEVEL OF REGISTERED UNEMPLOYED
IN FIRST QUARTER WAS ONLY 2.1 PERCENT ABOVE THAT FOR
FOURTH QUARTER 1975. SUCH A MODEST INCREASE CORRESPONDS
ROUGHLY TO AVERAGE QUARTERLY RISE IN UNEMPLOYMENT DURING
PRE-RECESSION YEARS. HOWEVER, TO BRING ACTUAL UNEMPLOY-
MENT DOWN TO "NORMAL" LEVELS WOULD REQUIRE NEARLY
THRE YEARS OF CONTINUOUS QUARTERLY DECLINES OF
6 PERCENT EACH. EVENTUAL BEGINNING OF A DECLINE IN
REGISTERED UNEMPLOYMENT MAY BE PRESAGED BY UPTURN IN
LEVEL UNFILLED JOB OFFERS DURING FIRST QUARTER -- THE
FIRST INCREASE RECORDED SINCE BEGINNING OF RECESSION
IN 1974.

6. TRADE DEFICIT WIDENS IN MARCH--

A SLIGHT RISE IN IMPORTS COMBINED WITH A DROP
IN EXPORTS WIDENED FRANCE'S FOREIGN-TRADE DEFICIT TO
FF 857 MILLION IN MARCH (SEASONALLY ADJUSTED, FOB-
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FOB). IMPORTS ROSE 0.4 PERCENT TO FF 21.8 BILLION IN
MARCH WHILE EXPORTS DECLINED 2.4 PERCENT TO FF
20.9 BILLION. SEASONALLY ADJUSTED RATE OF EXPORT
COVER FELL BACK TO 96 PERCENT OF IMPORTS IN MARCH
FROM NARLY 99 PERCENT IN FEBRUARY, AND FROM 104
PERCENT IN MARCH, 1975. YEAR-OVER-YEAR INCLEASE WAS
18 PERCENT FOR IMPORTS, 8 PERCENT FOR EXPORTS.

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PASS TREASURY AND FEDERAL RESERVE

FRENCH FOREIGN TRADE

IN BILLIONS OF FRANCS, FOB-FOB; QUARTERLY

TOTALS SEASONALLY ADJUSTED, CHANGES

IN PERCENT OVER PREVIOUS)

75-1 75-11 75-III 75-IV 76-I

IMPORTS 56.7 51.1 54.8 59.4 64.4

(CHANGE) (-6.0) (-9.9) (7.4) (8.3) (8.4)

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EXPORTS 58.5 55.6 57.0 56.8 62.4

CHANGE (1.6) (-5.0) (2.4) (-0.4) (9.8)

BALANCE 1.9 4.6 2.2 -2.6 -2.0

(X/M) (103.3) (109.0) (103.9) (95.6) (96.9)

FOR THE FIRST QUARTER OVERALL, FRENCH FOREIGN TRADE POSITION SHOWED MODEST IMPROVEMENT OVER FOURTH QUARTER 1975, LARGELY AS A RESULT OF STRONG RISE IN NOMINAL EXPORTS DURING FEBRUARY. IMPORTS, WHICH HAVE RISEN STEADILY SINCE MID-1975, ARE LIKELY TO REGISTER CONTINUED INCREASES THROUGHOUT 1976 AS FRENCH ECONOMIC RECOVERY GAINS MOMENTUM. (IN REAL TERMS, IMPORTS ROSE 6.8 PERCENT DURING SECOND HALF 1975 WHILE EXPORTS INCREASED ONLY 0.8 PERCENT IN VOLUME.)

7. INDUSTRIAL OUTPUT UNCHANGED IN FEBRUARY--

FRENCH INDUSTRIAL PRODUCTION REMAINED UNCHANGED IN FEBRUARY AFTER HAVING RISEN 1.7 PERCENT IN JANUARY, AND IN BOTH MONTHS WAS SOME 3.5 PERCENT ABOVE RESPECTIVE YEAR-EARLIER LEVELS. OVERALL INSEE INDEX OF INDUSTRIAL OUTPUT SET AT 119 FOR JANUARY AND FEBRUARY (SEASONALLY ADJUSTED, 1970 EQUALS 100), UP FROM REVISED INDEX OF 117 SET FOR DECEMBER AND FROM 115 IN JANUARY-FEBRUARY 1975. AVERAGE INDEX FOR THREE MONTHS ENDING IN FEBRUARY (118) WAS 2.6 PERCENT ABOVE YEAR-EARLIER AVERAGE.

FRENCH INDUSTRIAL PRODUCTION
(THREE-MONTH MOVING AVERAGES; SEASONALLY ADJUSTED,
BASE 1970 AS 100)

MAR APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB
114 113 111 111 111 111 111 112 112 114 116 118

LATEST FIGURES ON CRUDE STEEL PRODUCTION SHOW TOTAL OUTPUT OF 2.2 MILLION TONS IN MARCH, UP NEARLY 12 PERCENT FROM YEAR-EARLIER LEVEL. FOR FIRST QUARTER OVERALL, STEEL PRODUCTION AMOUNTED TO 5.7 MILLION TONS-- A DECLINE OF 7 PERCENT FROM FIRST QUARTER 1975.

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DATA ON ELECTRICITY CONSUMPTION IN MARCH, ADJUSTED FOR PRICE CHANGES, SHOW 4.5 PERCENT REAL INCREASE FROM LEVEL OF MARCH 1975. TOTAL REAL CONSUMPTION OF ELECTRICITY IN FIRST QUARTER WAS 8.2 PERCENT ABOVE IN FIRST QUARTER 1975.

8. MONEY SUPPLY RISES 18 PERCENT IN YEAR ENDING FEBRUARY.

FRENCH MONEY SUPPLY, BROADLY DEFINED (M2) INCREASED 0.1 PERCENT DURING FEBRUARY TO 776.2 BILLION FRANCS AT MONTH'S END. CURRENCY AND DEMAND DEPOSITS (M1) DECLINED

0.8 PERCENT TO FF 404.3 BILLION, WHILE NEAR-MONIES ROSE 1.2 PERCENT TO FF 361.9 BILLION . YEAR-OVER-YEAR INCREASE IN M2 AMOUNTED TO 18.5 PERCENT IN FEBRUARY, COMPARED TO 16.0 PERCENT INCREASE RECORDED OVER COURSE OF 1975. ON SEASONALLY-ADJUSTED BASIS, M2 EXPANDED 1.7 PERCENT IN FEBRUARY; M1 ROSE 1.6 PERCENT; AND NEAR-MONIES ROSE 1.9 PERCENT.

UNADJUSTED DATA ON COMPOSITION OF MONEY SUPPLY BY SOURCE SHOWED NET FOREIGN EXCHANGE RESERVES AT FF 47.7 BILLION IN FEBRUARY (DOWN 7.2 PERCENT FROM JANUARY); CLAIMS ON PUBLIC SECTOR AT FF 97.9 BILLION (UP 0.2 PERCENT); AND CREDIT TO THE ECONOMY AT FF 648.4 BILLION (DOWN 1.7 PERCENT)

9. NET SAVINGS UP IN FIRST QUARTER--

NET SAVINGS DEPOSITS DURING FIRST QUARTER 1976 AMOUNTED TO 8.7 BILLION FRANCS, AN INCREASE OF 12 PERCENT OVER LEVEL IN FIRST QUARTER 1975, ACCORDING TO PRELIMINARY FIGURES RELEASED BY CAISSE DES DEPOTS ET CONSIGNATIONS. OVER THE COURSE OF 1975, INCREASE IN NET SAVINGS DEPOSITS HAD AMOUNTED TO 61 PERCENT OVER 1974 LEVELS.

10 PTT ANNOUNCES FF1 BILLION LOAN ISSUE--

FRENCH POSTAL AND TELECOMMUNICATIONS SERVICE (PTT)
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EXPECTS TO RAISE ABOUT FF1 BILLION ON DOMESTIC CAPITAL MARKET, WITH ACTUAL AMOUNT BORROWED DEPENDING ON VOLUME OF SUBSCRIPTIONS TO LOAN ISSUE ANNOUNCED APRIL 10. LOAN BEARS 10.2 PERCENT INTEREST PER ANNUM, AT MAXIMUM OF 15 YEARS, AND IS PRICED AT 99.68 PERCENT.

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PASS TREASURY AND FEDERAL RESERVE

11. GOF SCALES DOWN LOAN PROGRAM FOR INDUSTRY--

IN ADDITION TO LATEST OFFICIAL INVESTMENT
PROGRAM NOTED PARA. 2 ABOVE, GOF HAS COMMITTED
FF 2.05 BILLION FOR LOANS TO FRENCH INDUSTRY
THROUGH ECONOMIC AND SOCIAL DEVELOPMENT FUND (FDES).
ACCORDING TO OFFICIAL ANNOUNCEMENT APRIL 10, LOANS
ARE ON PREFERENTIAL TERMS (9.5 PERCENT INTEREST,
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10 TO 15 YEARS MATURITY) AND ARE EXPECTED TO
GENERATE SOME FF 15 BILLION IN NEW INVESTMENT
SPENDING BY PRIVATE SECTOR. LOANS ARE ALLOCATED
TO IRON AND STEEL INDUSTRY (FF 1.4 BILLION),
CHEMICALS INDUSTRY (FF 150 MILLION), NON-FERROUS

METALS (FF 130 MILLION), ENGINEERING (FF 28 MILLION), FOOD PROCESSING (FF 15 MILLION), AND HANDICRAFTS (FF 100 MILLION), WITH AN ADDITIONAL ** 200 MILLION FOR "REDEPLOYMENT AND RESTRUCTURING" BY INDUSTRY.

WHILE PROGRAM OF FDES LOANS SURELY REFLECTS GOF'S CONTINUING INTEREST IN ENCOURAGING INVESTMENT BY PRIVATE SECTOR, LATEST ANNOUNCEMENT NEVERTHELESS SHOWED NEARLY FF 1 BILLION HAD BEEN SHAVED FROM PACKAGE AS ORIGINALLY PRESENTED IN SEPTEMBER 1975 ECONOMIC-SUPPORT PROGRAM, IN ORDER TO "HELP MAINTAIN A BALANCED BUDGET" IN CURRENT YEAR.

12. CAPITAL-GAINS TAX BILL UNVEILED--

AFTER WEEKS OF STEADILY-INTENSIFYING DEBATE IN PARLIAMENT AND IN FRENCH PRESS, FINANCE MINISTER FOURCADE PRESENTED GOF'S PROPOSAL FOR A TAX ON CAPITAL GAINS TO NATIONAL ASSEMBLY FINANCE COMMITTEE APRIL 20. TAX WOULD BE LEVIED, WITH VARYING INCIDENCE, ON VIRTUALLY ALL FORMS OF REALIZED CAPITAL GAINS. FOURCADE ESTIMATED THAT 200,000 TO 300,000 FRENCH TAXPAYERS -- SOME 2 PERCENT OF THE TOTAL -- WILL BE LIABLE TO THE TAX, WHICH COULD GENERATE ADDITIONAL REVENUES OF ABOUT FF 1.1 BILLION ANNUALLY.

PROPOSED TAX WOULD BE LEVIED ON CAPITAL GAINS IN EXCESS OF FF 3,000 IN ANY YEAR, OR ON GAINS RESULTING FROM SALE IN ANY YEAR OF ASSETS VALUED AT MORE THAN FF 10,000. INCIDENCE WOULD BE TIED TO LENGTH OF TIME ASSETS HAVE BEEN HELD: SHORT-TERM CAPITAL GAINS WOULD BE FULLY TAXED, IN CERTAIN CASES UP TO A MAXIMUM 60 PERCENT RATE, WITH ALLOWANCE ONLY FOR ACQUISITION COSTS (2 PERCENT MAXIMUM FOR STOCKS AND SHARES). FOR ASSETS HELD FROM TWO TO TEN YEARS,

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AMOUNT OF TAXABLE CAPITAL GAIN WOULD BE PROGRESSIVELY REDUCED IN LINE WITH AVERAGE ANNUAL CHANGE IN CONSUMER PRICES. FOR EACH YEAR AN ASSET IS HELD BEYOND TEN YEARS, AMOUNT OF TAXABLE CAPITAL GAIN WOULD BE FURTHER REDUCED BY 3.33 PERCENT AND BE FULLY EXCLUDED FROM TAX AFTER 40 YEARS.

IN GOF'S PROPOSED BILL, TAX WOULD BE WAIVED FOR CASES IN WHICH CAPITAL GAINS DERIVE FROM SALE OF A MAIN RESIDENCE, ASSETS OF A SMALL BUSINESS OR FARM, BONDS, SHARES ACQUIRED THROUGH LONG-TERM SAVINGS PLANS CURRENTLY IN FORCE OR THROUGH EMPLOYEE

PROFIT-SHARING PROGRAMS. CAPITAL GAINS ON CERTAIN
PUBLIC SECURITY ISSUES WOULD ALSO BE EXEMPT. FOR
TRANSACTIONS INVOLVING PRECIOUS METALS, JEWELS,
ART OBJECTS AND ANTIQUES, A FLAT 4 PERCENT RATE
WOULD BE APPLIED TO CAPITAL GAINS.

13. CABINET APPROVES 1976-80 ECONOMIC PLAN--

FRANCE' SEVENTH ECONOMIC AND SOCIAL DEVELOPMENT
PLAN, FOR THE PERIOD 1976 TO 1980, WAS ADOPTED BY
CABINET APRIL 21 IN THE FORM OF A PROVISIONAL REPORT
OUTLINING MAJOR OBJECTIVES OF FRENCH ECONOMIC POLICY.
AMONG THESE ARE A REDUCTION IN PRICE INFLATION, AS
SOON AS POSSIBLE, TO BELOW 6 PERCENT ANNUALLY;
CREATION OF 1.1 MILLION NEW JOBS; AN ANNUAL INCREASE
OF 3 PERCENT IN PER CAPITA HOUSEHOLD
CONSUMPTION; AN INCREASE IN PRODUCTIVE INVESTMENT
TO 18 OR 19 PERCENT OF TOTAL OUTPUT BY 1980; AND
OVERALL BALANCE IN FOREIGN TRADE, WITH A TARGET
FOR 1980 OF A FF 10 MILLION TRADE SURPLUS.

UNLIKE PRECEDING ECONOMIC PLANS, SEVENTH PLAN
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ESCHEWS DETAILED TARGETS OF PROGRAMS FOR PRINCIPAL
SECTORS OF FRENCH ECONOMY. IT INSTEAD LISTS A
NUMBER OF "PRIORITY PROJECTS WHICH WOULD CONTRIBUTE
TOWARD OBJECTIVES CITED ABOVE, AS WELL AS THOSE WHICH COULD
PROMOTE GOALS SUCH AS "REDUCING SOCIAL INEQUALITIES" AND
"IMPROVING THE QUALITY OF LIFE." PLAN CALLS FOR COMMITMENT OF
OVER FF 200 BILLION TOWARD THESE PROJECTS.

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PROVISIONAL REPORT ON SEVENTH PLAN WILL BE
SUBMITTED MAY 19 TO ECONOMIC AND SOCIAL COUNCIL,
PRIOR TO PARLIAMENTARY PRESENTATION IN JUNE.
FOR FURTHER COMMENTS ON PLAN'S IMPACT, SEE PARIS
2670.

14. OTHER REPORTS SUBMITTED DURING THE PERIOD --

A. TELEGRAMS:

11827 TOUR D'HORIZON WITH JEAN-MICHEL 4/22/76
BLOCH-LAINE
11982 SHORT-TERM FORECAST OF FRENCH ECONOMY 4/22/76

B. AIRGRAMS:

A-181 FRENCH RESERVES IN MARCH 1976 4/13/76
A-189 TRADE WITH COMMUNIST AREASIN 4/15/76
FEBRUARY 1976
A-190 FRENCH FOREIGN EXCHANGE HOLDINGS 4/16/76
A-194 FRENCH FOREIGN EXCHANGE HOLDINGS 4/23/76
RUSH

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, ECONOMIC CONDITIONS, ECONOMIC REPORTS, ECONOMIC PROGRAMS, ANTIINFLATIONARY PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PARIS12510
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760164-0242
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976047/aaaaafry.tel
Line Count: 703
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 13
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 PARIS 10285
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 14 SEP 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 SEP 2004 by cookms>; APPROVED <16 NOV 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRENCH FINANCIAL AND ECONOMIC DEVELOPMENTS
TAGS: EALR, EFIN, EGEN, FR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006